

# **PART I - EXECUTIVE SUMMARY**

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The Washington State Consolidated Plan is a planning document required by the U.S. Department of Housing and Urban Development (HUD) to be submitted by all jurisdictions that directly receive funds from four programs - Community Development Block Grant (CDBG), Emergency Shelter Grants (ESG), HOME Investments Partnerships (HOME) and the Housing Opportunities for Persons With AIDS (HOPWA).

The Consolidated Plan furthers the following goals of the programs it covers:

1. To provide decent housing;
2. To establish and maintain a suitable living environment;
3. To expand economic opportunities for every American, particularly for low-income and very low-income households.

In 1993, the Washington State Legislature enacted the Washington State Housing Policy Act (RCW 43.185B). It established the Affordable Housing Advisory Board (AHAB) and required the Department of Community, Trade and Economic Development (CTED) to prepare a five year Affordable Housing Advisory Plan in consultation with AHAB. Under a Governor's executive order written in 2000, splitting CTED, the Office of Community Development (OCD) now has this job.

The first three required elements of the Consolidated Plan are very similar to those of the Affordable Housing Advisory Plan. OCD has combined elements from both plans into one Consolidated Plan. The required elements include:

- An assessment of affordable housing, the needs of the homeless, and community development needs in the state;
- An analysis of the state's housing markets;
- A discussion of the state's prioritized needs, goals, strategies and initiatives for affordable housing and community development activities; and
- An action plan describing the state's method for distributing funds to carry out activities using funds that are expected to be received under HUD formula allocations and other HUD assistance during the program year.

The Washington State consolidated planning process draws from a wide variety of sources. The primary source of information for the assessment of needs and analysis of markets was a study conducted by Bay Area Economics of Berkeley, California. The assessment is based on an analysis of demographic, economic, and housing stock trends for the state during the past 10 years. The assessment also included a series of consultations and a statewide survey of numerous local governments and service providers to identify high priority needs.

Priorities and strategies were formulated using extensive input from citizens, public and private housing providers, other state agencies, city and county planning offices and the Affordable Housing Advisory Board.

## **Affordable Housing, An Overview**

Washington State's population has grown nearly 20 percent in the past ten years compared to 10 percent for the nation as a whole. This rapid pace is expected to continue during the next ten years. Housing demand has grown rapidly as well, creating pressures on housing markets, resulting in low vacancy rates and high housing costs. Housing costs have increased at a more rapid rate than personal incomes. Housing affordability, defined as housing which requires not more than 30 percent of a household's gross income, varies widely across the state. In many counties, affordable housing is unattainable even for households earning the median income, while in some of the more rural counties households earning more than 50 percent of the area median income cannot find affordable housing. There is no county where a household earning less than 50 percent of the area median income can afford the fair market rent (FMR). The FMR represents the 40<sup>th</sup> percentile of rent costs by number of bedrooms, in a given market area. It is a gross rent estimate for shelter plus the cost of all utilities, except telephones.

The Housing Affordability Index computed by the Washington Center for Real Estate Research, at Washington State University, indicates that at the end of 1999, typical renters could afford a median priced starter home in only three counties. (Table 23B)

The housing needs of Washington's low-income and special needs populations continue to be quite severe. Over 405,000 low-income Washington households need housing assistance, meaning that they are paying more than 30 percent of their incomes for housing costs.

Many Washington counties are experiencing increased employment in agricultural industries. Many agricultural employees (farmworkers) are employed seasonally and move from area to area following the harvest of crops. In a 1994 report, OCD estimated that during peak harvest seasons there was a housing need of 57,000 units for migrant workers. Due to the shortage of housing, thousands of agricultural workers live in unhealthy conditions without even minimal housing facilities. Improving farmworker housing conditions and providing safe and affordable housing is critical to the economic well being of the state's agricultural economy and to the well-being of families who harvest the crops.

## **Key Findings**

- Homeownership rates in the state increased by 3.1 percentage points since 1990.
- Sale prices for ownership housing have increased relatively dramatically in the state during the past several years. Overall, the median home sale price increased from \$136,600 in 1995, to \$160,700 in 1998, an average annual rise of 5.6 percent.
- Rental rates vary widely by county. King, Island and Snohomish Counties have the highest rental rates while many of the rural counties are at the lower end of the spectrum.
- Twenty-four percent of households statewide had housing cost burden problems, that is they were paying more than 30 percent of their incomes toward housing costs.
- Renters earning less than 30 percent of the area median income had high burdens- more than 60 percent of these households paid more than one half of their incomes toward rent.
- African-American and Hispanic groups experienced a disproportionate need (high cost burden) among all income groups for owner households.
- Approximately 19,000 federally assisted units of housing could face conversion from affordable to market rate rental housing.

## **2001-2005 Key Strategies**

- Preserve existing affordable rental housing units threatened with loss of expiring federal affordability requirements or deteriorating conditions.
- Provide and expand homeownership opportunities, targeting households earning between 30 and 80 percent of the area median income.
- Increase the supply of housing for farmworkers.
- Increase the supply of housing that renters earning up to 80 percent of the median income can afford, targeting households earning 50 percent or less than the area median income.
- Create increased home ownership opportunities and rental housing opportunities for households earning up to 120 percent of the area median income in areas of rapidly increasing growth and in high market rural areas.
- Work with jurisdictions throughout the state to achieve urban densities and affordable housing goals described in local comprehensive plans.

## **Homelessness: An Overview**

Over the past several years, service and housing providers in local communities throughout the state have met to develop Continuum of Care plans or comprehensive systems of housing and services for people who are homeless. The Continuum includes emergency shelter, transitional housing, permanent supportive housing, services, and homelessness prevention. Communities have developed Continuum of Care plans to strengthen services for people who are homeless. These plans have provided large amounts of information on the needs of homeless people. In addition, data from the state's Emergency Shelter Assistance Program (ESAP) has been used to analyze these needs across Washington State.

Last year ESAP reported sheltering 47,085 individuals over a 12-month period. Of this number, 20,805 or 44 percent were sheltered in King County, another 5,997 or 13 percent were sheltered in Pierce County, and 3,115 or 7 percent were sheltered in Clark County. These three counties account for more than 60% of the people sheltered in the state.

The portion of homeless people in families with children that came to shelters assisted through ESAP was significantly higher in areas outside of the Seattle/Tacoma/Bremerton Consolidated Metropolitan Statistical Area (CMSA). Approximately 44 percent of the homeless people served in the Seattle/Tacoma/Bremerton CMSA areas were in families with children as compared to non-Metropolitan Statistical Areas, where 59 percent of the homeless people served were in families with children.

Local Continuum of Care plans indicate that approximately 75 percent of homeless people need case management, 43 percent need drug or alcohol treatment, and 41 percent need some form of mental health care. The largest percentage gap between the estimated need and availability of services is in alcohol and drug treatment, where the current service inventory only addressed approximately 17 percent of the need.

Preventing homelessness is a priority in most communities across the state. Many communities are concerned about the large number of families who are at-risk of homelessness and know that it is more cost effective to prevent a family from becoming homeless than trying to provide them with emergency shelter.

To address the critical need for housing and services for people who are homeless, the Washington State Legislature appropriated \$16 million for the 1999 – 2001 Biennium to increase housing opportunities for homeless families with children. The additional resources for homelessness prevention, emergency shelter, transitional housing, and facilities for families surviving domestic violence have provided a significant boost to local Continuum of Care service systems. Additionally, the state has successfully competed for federal homeless funding for the third year in a row and to date has received slightly over \$4 million for transitional housing and case management services for rural communities across the state.

### **Key Findings**

- Approximately 279,200 Washington households are at risk of becoming homeless, including all households earning 30 percent of the area median income or less and all households earning 80 percent of the area median income or less with rent burdens above 50 percent of their incomes.
- There are more than 26,500 homeless people in Washington State on any given day.
- Available shelter beds, transitional units and permanent supportive housing still leave a gap of approximately 15,300 people without shelter on any given day.

### **2001-2005 Key Strategies**

- Provide a continuum of housing and services for homeless people and forestall further homelessness through prevention activities.
- Seek additional state and federal appropriations to construct and operate emergency shelters and transitional housing facilities.
- Prevent homelessness by providing assistance to prevent evictions and foreclosures for households unable to meet housing costs due to circumstances beyond their control.
- Link planning activities of urban and rural Continuum of Care groups to establish a coordinated plan for statewide actions to meet gaps in housing and services for homeless people.

### **Non Housing Community Development Needs**

The non-housing needs assessment information was derived from several sources:

- Bay Area Economics data review, survey and key informant interviews;
- A review of CDBG spending since 1982;
- Testimony from Governor Locke's Rural Economic Development Summits in Port Angeles and Moses Lake;
- The Legislature's Joint Task Force on Rural Land Use and Economic Development;
- County level project priorities established through the Washington Community Economic Revitalization Team process; and
- The Washington State Public Works Board 2000 Legislative Report and the Legislature's Local Government Infrastructure Study.

Information from all of these sources was summarized and made available for discussion at nine focus group meetings that were held across the state in late April and early June 2000. The intent of these meetings was to sustain a dialogue with and between the state and key stakeholders in community development at the local level regarding community development needs, and strategies to meet them.

## Key Findings

Although Washington is one of the fastest growing states in the nation, many rural communities are not sharing in this prosperity. Local governments reported need for assistance in the areas of economic development, infrastructure financing, public services, community facilities and technical assistance. Key findings from the needs assessment work include:

- In BAE's needs assessment, community action agencies in twenty-four of the thirty-three non-entitlement counties cited employment, higher-paying jobs, or economic development as one of their top three priorities in their county needs profiles.
- According to the *Local Government Infrastructure Study*, the state will need more than \$8.16 billion of infrastructure improvements through 2003, and more than \$3 billion of this has not been funded. The *Washington State Public Works Board 2000 Legislative Report* recommended \$222.4 million of public works projects for construction funding this year. Applications not recommended for Public Works Trust Fund approval totaled \$16.1 million.
- Key informant interviews conducted throughout the state for this needs assessment also indicated a link between lack of infrastructure and the ability to provide for both community development and affordable housing, particularly in more remote rural areas.
- The state's teen pregnancy rate (number of pregnancies per 1,000 teen women aged 12 to 19) has gradually decreased from 95.2 teenage pregnancies per 1,000 female teenagers in 1990 to 71.2 per 1,000 female teenagers in 1998. From 1990 to 1998, the teenage pregnancy rate decreased more rapidly for teen women aged 15 to 17 (26 percent decline) than for those aged 18 to 19 (19 percent decline).
- Washington State has a significantly lower proportion of adults that speak English "poorly or not at all" than the U.S. In 1998, only two percent of Washington's population faced this obstacle, compared to approximately 23 percent of the adult population for the nation.
- Business Retention/Expansion/Attraction was the most frequently mentioned non-housing related challenge facing respondents to the 2001 Consolidated Plan Community Survey. The state of Washington's 'distressed community' measurement found that for the 1996 through 1998 period, 26 of the state's 39 counties met this criteria (more than 20 percent higher unemployment than the statewide average rate for the period), underscoring the need for enhanced economic development.

- Key informant interviews conducted for the needs assessment included discussions with local economic development councils, revolving loan fund administrators, and economic developers. Although concerns related to business retention, expansion, and attraction varied from key informant to key informant, and among various regions facing different economic trends, several common themes were present. These included the perspective that many of Washington's counties suffer from low wage job concentrations, leading to a circle of low household incomes, lack of ability to afford housing and child care, and increased need for social services to combat the cycle of poverty affecting the working poor. Many key informants suggested that until the level of wages offered in the community could be increased, this cycle of poverty was likely to continue, even if more affordable housing and services were funded.

### **2001 – 2005 Non Housing Goals, Initiatives and Performance Measures**

There are five general activity areas that are eligible to receive CDBG resources: Community Facilities, Economic Development, Public Facilities, Public Services, and Technical Assistance. Draft goals, initiatives and performance measures have been formulated for each of these five activity areas and are contained in the non-housing strategies section of the plan. Performance measures will be updated annually along with a review of the past year's progress and the benefits achieved as a result of investments made using CDBG resources.

### **Additional Program Objectives**

In addition to the goals for each eligible CDBG activity, the program is proposing that the 2001 – 2005 Consolidated Plan include five objectives that would apply to all eligible activities: coordination of resources, support of rural enterprise zones/ enterprise communities, preservation of historic and cultural resources, collection of performance data, and the strategic distribution of CDBG resources. Performance for each objective will be reported annually in the state's Action Plan.